

VIRTUAL MEETINGS

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concept

- A meeting held totally by means of either Video conferencing or other audio-visual means is known as Virtual Meeting.
- A Virtual meeting is when people around the world, regardless of their location, use video, audio, and text to link up online
- Virtual meetings allow people to share information and data in real-time without being physically located together.

What is video conferencing or audio-visual means

- As per Explanation of Rule 3 of Companies (Meeting of Directors and its Powers) Rules 2014, video conferencing or other audio visual means, audio visual electronic communication facility employed which enables all the persons participating in a meeting to communicate concurrently with each other without an intermediary and to participate effectively in the meeting.

Need For virtual meetings

- In this present scenario of countries being connected globally, corporates are also getting globalised increasingly. When corporates start working on a global scale, they get connected with people across countries. Nowadays, it is quite normal for companies to have their directors and stakeholders residing in far-flung areas. It is not easy and convenient for them to travel all the way to attend the meetings as it takes time and is also a costly affair.
- With the need of making every possible thing electronically available, a requirement of providing an option to companies to conduct their meetings through virtual mode was also felt. Virtual meetings allow people to meet and exchange information in real-time without being physically present together.
- Considering all these things in mind, the **Companies Act, 2013** allow companies to hold board and general meetings through e-mode with some restrictions.

Pandemic Impact

- Lately, the manner in which the Companies are conducting business has been exorbitantly altered by the COVID-19 pandemic. Almost all leading industrialised nations have already enacted crisis legislation in the field of company law. During this pandemic, it has been difficult or indeed impossible of conducting in – person meetings, the overall trajectory of the provisions governing the company law has been digitalised for a temporary period.
- After taking the cognizance of the disruptions in proper functioning of the Companies, the Ministry of Corporate Affairs, Government of India (“MCA”) announced several relaxations in regulatory and statutory compliances that have to be undertaken by the companies to enable them to tide over this period of disruption arisen because of COVID 19.

VIRTUAL BOARD MEETINGS

- Directors have busy schedules, and it is not easy for them to attend all the meetings of all the companies in which they hold directorship as it is not just about attending the meetings, but they also have to prepare for that. They have to go through all the documents and agendas required to be discussed in the meetings.
- Virtual meetings are less burdensome for the directors to attend.
- Section 173 of the Companies Act, 2013 read with Rule 3 of Companies (Meetings of Board and its Powers) Rules, 2014 allow the companies to hold virtual board meetings and provides for the manner and procedure for conducting the same.

Participation by Teleconferencing

The provisions of section 173 of the Act (meetings of the board) and section 174 of the Act (quorum) contemplates board meeting through video conferencing or other audio-visual means. Therefore participation of directors through teleconferencing cannot be counted for the purpose of quorum. Therefore if a director participates through only teleconferencing, then such director would not be considered as present for the meeting and therefore will be not counted for the purpose of quorum. The company may record in minutes of the meeting of his presence through teleconferencing,

SS-1

- **SS-1 defines “Electronic Mode” in relation to Meetings means Meetings through video conferencing or**
- other audio-visual means. “Video conferencing or other audio visual means” means audio-visual electronic
- communication facility employed which enables all the persons participating in a Meeting to communicate
- concurrently with each other without an intermediary and to participate effectively in the Meeting.
- **“Secured Computer System” means computer hardware, software, and procedure that –**
 - (a) are reasonably secure from unauthorized access and misuse;
 - (b) provide a reasonable level of reliability and correct operation;
 - (c) are reasonably suited to performing the intended functions; and
 - (d) adhere to generally accepted security procedures.

SS-1

- **“Timestamp” means the current time of an event that is recorded by a Secured Computer System and is used**
- to describe the time that is printed to a file or other location to help keep track of when data is added, removed, sent or received.
- In simple language Time Stamp means a digital record of the time of occurrence of a particular event.

SS-1

- **NOTICE FOR THE VIRTUAL MEETING**
- Even the notices sent to the directors through any electronic means shall constitute valid notice. The notice shall include information about the facility available to participate in the meeting through e-mode.
- If any director wishes to participate in the meeting virtually, he must give an intimation beforehand to the Chairman or the Company Secretary of the company to enable them to make arrangements in advance. The director may also intimate his intention of participating electronically at the start of the calendar year for the entire year.
- Notice shall inform the Directors about the option available to them to participate through Electronic Mode and provide them all the necessary information

SS-1

- **ATTENDANCE REGISTERS**

- The attendance registers shall be deemed to be signed by the respective director if his/her attendance is recorded and authenticated by the Company Secretary, Chairman or any director (as the case may be) of the company.
- At the commencement of the meeting, a roll call shall be done during which the director has to state his name, current location, confirmation of receiving the agenda and that no person other than the director has access to the meeting. All of this information is required to be mentioned in the minutes of the meeting.

SS-1

- **VENUE**
- The venue mentioned in the notice of the meeting shall be deemed to be the venue.
- **ROLE OF CHAIRPERSON AND COMPANY SECRETARY**
- The Chairperson and the Company Secretary have to play a crucial role in the successful conduct of the virtual meeting. They need to ensure that all the arrangements have been made, records are being kept safe, the integrity of the meeting is safeguarded correctly and to make sure that every person attending the meeting is audible and their connection is not interrupted and not garbled.

Rule 3

- Roll call by chairperson
- Directors to introduce themselves
- Presence will be counted for quorum
- No unauthorized access.
- Differently abled Director may have person accompanying them
- Directors to repeat if there is any disturbances
- Chairperson to announce summary at the end of the Meeting
- Minutes of the meeting to contain the names of Directors who participated through Video conference.

Amendment

- Earlier, according to Rule 4, some agendas were restricted to be discussed in a virtual board meeting, but the same is now allowed **as Rule 4 is Omitted by MCA** Those items were
- 1. The approval of the annual financial statements
- 2. The approval of the Board's report
- 3. The approval of the prospectus
- 4. The audit committee meeting for consideration of the financial statement
- 5. The approval of matters related to merger, demerger, amalgamation, acquisition and turnover.
- Hence, the directors shall be counted for a quorum for the above matters also even if they participate in the meeting virtually.

VIRTUAL AGM/EGMs

- Shareholders are the owners of the company but seldom gets the chance to exercise their true ownership. AGMs/EGMs are required to be conducted at the place where the company has its registered office but shareholders live in different parts of the world, and this stands as a hurdle for them to participate in the meeting physically. Through virtual general meetings, companies may achieve wider shareholders participation and it will benefit both the shareholders and the company.
- According to the laws and rules prevailing in our country, companies are not allowed to conduct general meetings entirely virtual but can conduct hybrid general meetings, which give both the options to participate (physically/virtually)
- MCA has allowed the companies to conduct its EGM (if unavoidable) till 31.12.2020 further order through video conferencing or other audio-visual means through its General Circular No. 14/2020 dated 08.04.2020, General Circular No. 17/2020 dated 13.04.2020 and General Circular No. 10/2021 dated 23.06.2021 after considering stakeholders' requests because of the surrounding covid threat. They have also provided for the procedure to be followed by the companies separately for-
 - 1.The companies which are required to provide the facility for e-voting or have opted for it.
 - 2.The companies which are not required to provide this facility
- MCA also provided relaxation for conducting AGM through VC/OAVM via General Circular No.20/2020 dated 05.05.2020, read with Circular No.02/2021 dated 13.01.2021 which was required to be conducted in the Calendar year 2020 and 2021 through e-mode.

VOTING THROUGH E-MODE IN GENERAL MEETING

- E-voting is a facility given to the members of a company to cast votes on the resolutions electronically.
- Section 108 of the Companies Act, 2013 provides the option to vote through e-mode in a general meeting.

RULE 20

- As per Rule 20 of the Companies (Management and Administration) Rules, 2014, every company which has
- listed its equity shares on a recognised stock exchange and every company having not less than one thousand members shall provide to its members facility to exercise their right to vote on resolutions proposed to be considered at a general meeting by electronic means.

SS-2

- “Voting by electronic means” includes “remote e-voting” and voting at the general meeting through an electronic
- voting system which may be the same as used for remote e-voting.
- “Remote e-voting” means the facility of casting votes by a member using an electronic voting system from a place other than venue of a general meeting.
- Para 7.2.2 of SS-2 provides that every company, which has provided e-voting facility to its Members, shall also
- put every Resolution to vote through a ballot process at the Meeting.
- Ballot process may be carried out by distributing ballot/poll slips or by making arrangement for voting through computer or secure electronic systems.
- Any Member, who has already exercised his votes through Remote e-voting, may attend the Meeting but is
- prohibited to vote at the Meeting and his vote, if any, cast at the Meeting shall be treated as invalid.

Challenges

- **VIRTUAL MEETING SPACE REQUIREMENTS**

- Directors' preoccupied schedule makes it difficult for them to reschedule their meetings. So it becomes more important for the meeting to be held successfully in one go without any delay and adjournment. To make sure that the meeting goes smoothly, arrangements should be made well in advance by keeping the following requirements in mind-
- 1. Meeting rooms
- 2. Good quality mike system
- 3. Video or Web cameras
- 4. High-Speed Internet
- 5. Hardware equipment in good working condition
- 6. Required software
- 7. A trial run to ensure proper working and connectivity
- 8. Speakers
- The above provisions and reliefs have been made and provided to encourage more participation from all the company stakeholders and protect their interests. There are also many difficulties which the companies and the stakeholders face in attending e-mode meetings like data security, interruption in streaming, maintenance of digital records, meeting room space arrangements, but the benefits far outweigh the difficulties and drawbacks. The companies should encourage their directors and shareholders to participate in such meetings and contribute to the company's growth by sharing their valuable knowledge.

Advantages of Virtual AGM/EGMs

- Increase shareholder participation in meetings,
- Save time on travel and cost because of remote voting.
- Encourages more participation by investors across the world.
- Provides greater accessibility to shareholders who cannot be physically present due to distance.
- Enables institutional investors to attend more than one meeting in a day and protect shareholders interest.
- Reduce the cost of holding and conducting shareholder meeting, including the costs of the venue, stationary, transport and refreshments.
- Saves time of the Company's personnel.

Difficulties in holding Virtual Meetings of Members

- Security of the systems used.
- Streaming with quality without interruption.
- Providing with secure login and shareholder authentication for attendance, with ease of access for shareholders, and remote voting.
- Combined registration, voting and reporting software.
- Customized instant results screen and detailed audit reporting.
- Data Security of Logins and Passwords.
- Allowing the shareholders, the choice of device.
- the technology used must give all shareholders a reasonable opportunity to participate
- Technical Fault

SEBI

- It is pertinent to mention that as per Regulation 44 of SEBI (LODR) Regulations, 2015 the top 100 listed entities
- shall provide one-way live webcast of the proceedings of the annual general meetings.
- The top 100 entities shall be determined on the basis of market capitalisation, as at the end of the immediate previous financial year.

Requirements for E-voting

- 1) The listed entity shall provide the facility of remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.
- (2) The e-voting facility to be provided to shareholders in terms of sub-regulation (1), shall be provided in compliance with the conditions specified under the Companies (Management and Administration) Rules, 2014, or amendments made thereto.
- (3) The listed entity shall submit to the stock exchange, within two working days of conclusion of its General Meeting, details regarding the voting results in the format specified by the Board.
- (4) The listed entity shall send proxy forms to holders of securities in all cases mentioning that a holder may vote either for or against each resolution.
- (5) The top 100 listed entities by market capitalization, determined as on March 31st of every financial year, shall hold their annual general meetings within a period of five months from the date of closing of the financial year.
- (6) The top 100 listed entities shall provide one-way live webcast of the proceedings of the annual general meetings.
- Explanation: The top 100 entities shall be determined on the basis of market capitalisation, as at the end of the immediate previous financial year.

Role of the Chairperson of the meeting and Company Secretary

At the commencement of the meeting a roll call shall be taken by the chairperson when every director participating through video conferencing or other audio visual means.

After the roll call , the chairperson or the company secretary shall inform the board about the names of persons other than the directors who are present for the said meeting at the request or with the permission of the chairperson and confirm that the required quorum is complete.

Role of the Chairperson of the meeting and Company Secretary

The chairperson shall ensure that the required quorum is present throughout the meeting.

If a statement of a director in the meeting through video conferencing or other audio-visual means is interrupted or garbled, the chairperson or company secretary shall request for a repeat or reiteration by the director .

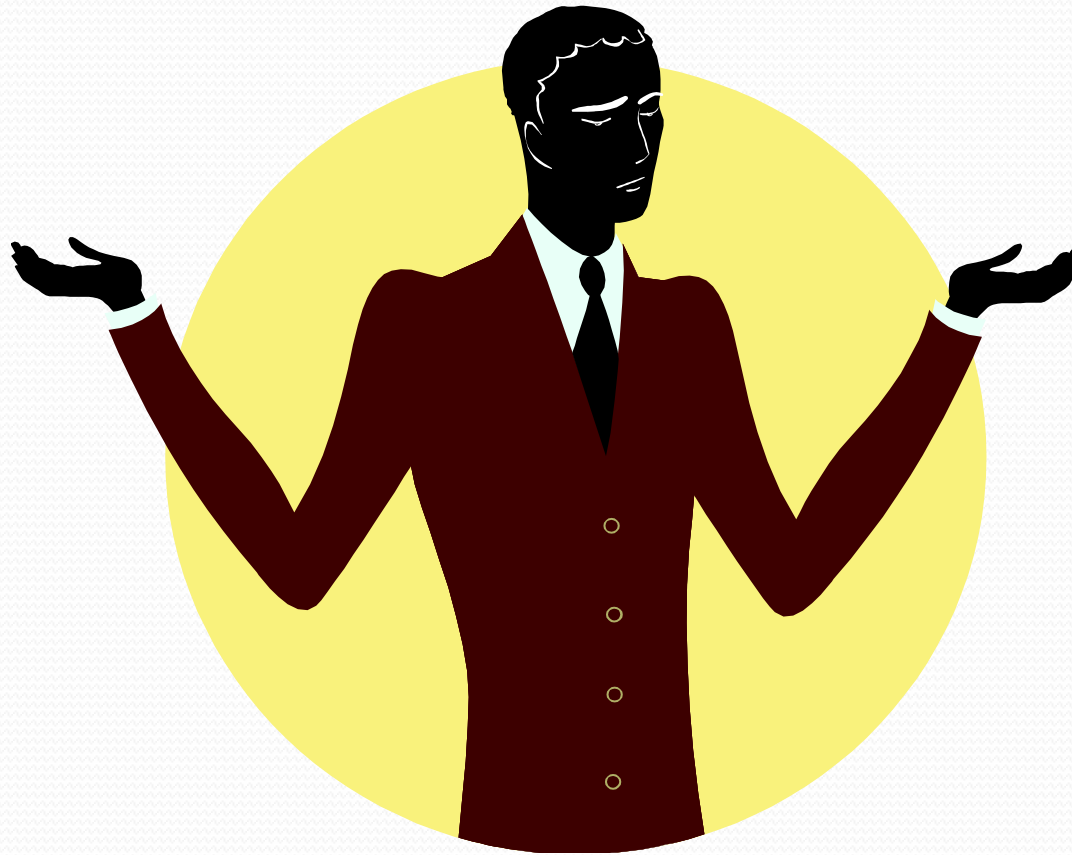
If a motion is objected to and there is a need to put it to vote, the chairperson shall call the roll and note the vote of each director who shall identify himself while casting the vote.

Role of the Chairperson of the meeting and Company Secretary

At the end of the discussions on each agenda item, the chairperson of the meeting shall announce the summary of the decision taken on such item along with names of the directors, if any, who dissented from the decision taken by majority and the draft minutes so recorded shall be preserved by the company till the confirmation of the draft minutes.

After completion of the meeting, the minutes shall be entered in the minutes book as specified under section 118 of the Act and signed by the chairperson.

Questions



THANK YOU

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